

I am writing to express my support for the merger of Sirius Satellite Radio and XM Radio as such combination is in the public interest.

While satellite radio still seems to be figuring out how to make a profit, it's soaring in popularity. Unfortunately, the only two business models to choose from have not yet come anywhere close to fulfilling their potential and have lost millions of dollars.

The only colorable argument against the merger is that it would create a monopoly for satellite radio. XM and Sirius have cleverly and accurately headed that objection off by noting that satellite radio competes with a variety of technologies for the listener's ear.

Assuming that certain pricing conditions can be imposed on the combination, the result should be a net positive for the consumer in the long run. If these companies continue to operate at a loss, the marketplace could be much more negatively impacted by the disappearance of one or both of them down the road.

on the opposition front, you have, among others, (1) the comments of the Ashcroft Group against the merger (produced only when Ashcroft Group's services were rebuffed by Sirius and XM), and (2) the comments of the Carmel Group, a California-based consulting firm that represents the NAB, has weighed in against the merger based on a narrow definition of the relevant market. Please take note the consulting firm's chairman Jimmy Schaeffer has previously written a piece that describes the varied and intense competition that satellite radio faces in the marketplace (available at its website at: http://carmelgroup.com/publications/document/growing_another_telecom_pie/). In that paper, Mr. Schaeffer describes a marketplace in which, "numerous competitors thrive, side-by-side. In this case, the new player is satellite radio, with more than seven million subscribers, and its competition comes in the form of traditional analog AM & FM radio, as well as burgeoning services like MP3 players, terrestrial radio, and video- and Internet-to-the-vehicle. "

Within weeks of the merger announcement, however, the same firm, the Carmel Group, rushed out an NAB-funded white paper concluding that XM and Sirius "state that their competitive landscape presently includes all forms of terrestrial radio (i.e., analog AM and FM, digital HD and Internet radio), as well as digital services such as MP3 devices and music-to-cellular telephones. This position is ludicrous. In fact, nothing could be further from the truth."

In short, don't listen the NAB-funded hired guns. They are as disingenuous as they are well-paid, by the ones feeling the pinch of satellite radio, the NAB.

Consumers want more choice. Consumers want to be able to get all available content from one provider without multiple gadgets clogging up their car.

There seem to be three approaches the federal government might take to the proposed XM-Sirius merger. The most extreme would be to prevent it from happening, which would be a monumental victory for the NAB and a crucial loss for consumers. If both companies continue to lose money at current rates, they may well go under, leaving consumers with no satellite option at all. That's not a monopoly, but it hardly seems like a good scenario for consumers, either.

The second option would be to allow the merger, but only after forcing XM and Sirius to agree to a wish list of demands from regulators and politicians, such as forcing satellite broadcasters to abide by FCC indecency regulations. That too would be a loser for consumers, many of whom (like me) subscribed to satellite mainly to listen to frequent FCC target Howard Stern.

The third option and best is of course to allow the merger with some pricing conditions and buck the too-powerful NAB by opening a suitable amount of spectrum to other potential satellite broadcasters. This most consumer-friendly approach to satellite radio would create a true market in the medium, allowing several, new companies to compete for consumer attention alongside the established XM-Sirius combination.

And this, my government watchdog friends, would be the best solution of all.

Thanks.

Regards,

Bill

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